



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

HB4129

by Rep. Litesa E. Wallace

SYNOPSIS AS INTRODUCED:

35 ILCS 5/224 new

Amends the Illinois Income Tax Act. Provides that each business that enters into an agreement with a community college or area vocational center for employee training is entitled to an income tax credit for taxable years beginning during the term of the agreement if the taxpayer's average employee head count in the State during the taxable year exceeds its average employee head count in the State for the year immediately preceding the year in which the agreement was entered into by more than 10%. Provides that the credit shall be in an amount equal to 6% of the incremental income tax attributable to new employees during the taxable year. Effective immediately.

LRB099 08069 HLH 28215 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Income Tax Act is amended by adding
5 Section 224 as follows:

6 (35 ILCS 5/224 new)

7 Sec. 224. New jobs training credit.

8 (a) Notwithstanding any other provision of law, each
9 business that enters into an agreement with a community college
10 or area vocational center for employee training is entitled to
11 a credit against the tax imposed by subsections (a) and (b) of
12 Section 201 for taxable years beginning during the term of the
13 agreement if the taxpayer's average employee head count in the
14 State during the taxable year exceeds its average employee head
15 count in the State for the base year by more than 10%. The
16 credit shall be in an amount equal to 6% of the incremental
17 income tax attributable to new employees during the taxable
18 year. Agreements entered into under this Section must be
19 approved by the Department of Commerce and Economic
20 Opportunity.

21 (b) In no event shall a credit under this Section reduce a
22 taxpayer's liability to less than zero. If the amount of credit
23 exceeds the tax liability for the year, the excess may be

1 carried forward and applied to the tax liability for the 10
2 taxable years following the excess credit year. The tax credit
3 shall be applied to the earliest year for which there is a tax
4 liability. If there are credits for more than one year that are
5 available to offset liability, the earlier credit shall be
6 applied first.

7 (c) If the Taxpayer is a partnership or Subchapter S
8 corporation, the credit shall be allowed to the partners or
9 shareholders in accordance with the determination of income and
10 distributive share of income under Sections 702 and 704 and
11 subchapter S of the Internal Revenue Code.

12 (d) The Department, in cooperation with the Department of
13 Commerce and Economic Opportunity, shall prescribe rules to
14 enforce and administer the provisions of this Section. This
15 Section is exempt from the provisions of Section 250 of this
16 Act.

17 (e) As used in this Section:

18 "Base year" means the calendar year prior to the year in
19 which the agreement is entered into.

20 "Incremental Income Tax" means the total amount withheld
21 during the taxable year from the compensation of new employees
22 under Article 7 of this Act.

23 "New employee" means a full-time employee who is first
24 hired by the taxpayer during the taxable year and is not:

25 (1) hired to perform a job that was previously
26 performed by another employee, if that job existed for at

1 least 6 months before the new employee was hired; except
2 that, if the previous employee was promoted by the taxpayer
3 to another position, the employee who is hired to replace
4 the promoted employee is not prohibited from being
5 considered a new employee under this item (1);

6 (2) an employee who was previously employed by a
7 related member of the taxpayer and whose employment was
8 shifted to the taxpayer after the taxpayer entered into the
9 agreement; or

10 (3) a child, grandchild, parent, or spouse, other than
11 a spouse who is legally separated from the individual, of
12 any individual who has a direct or an indirect ownership
13 interest of at least 5% in the profits, capital, or value
14 of the taxpayer.

15 "Related member" has the meaning ascribed to that term in
16 Section 5-5 of the Economic Development for a Growing Economy
17 Tax Credit Act.

18 Section 99. Effective date. This Act takes effect upon
19 becoming law.